

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket No: D.T.E. 02-84
Attorney General's First Set of Information Requests

Request No.: AG-1-1

Referring to Schedule MHC-7. Page 4, Item I-B, when in the Meter Reading to Billing interval are the bills posted to accounts receivable?

Response:

In reference to Schedule MHC-7, Page 4, Item I-B, bills are posted to accounts receivable based on the bill date. With regard to timing, the posting of customer bills to accounts receivable generally occurs one to three days after the meter reading date.

Person Responsible: Mark H. Collin

Commonwealth of Massachusetts
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Request No.: AG-1-2

Please provide Schedule MHC-7, Page 16 in Excel format.

Response:

Please see Attachment AG-1-2, consisting of a 3.5" disk that contains the requested schedule in Excel format.

Person Responsible: **Mark H. Collin**

Commonwealth of Massachusetts
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Request No.: AG-1-3

Referring to Schedule MHC-7, Page 16, if available, please provide the daily balances by month for the amounts in Column (1). The response should be provided in Excel format.

Response:

With regard to the amounts identified in Column (1) of Schedule MHC-7, Page 16, FG&E did not archive the daily accounts receivable information by month for these time periods and, therefore, this information cannot be retrieved from FG&E's customer information system.

Person Responsible: Mark H. Collin

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Request No.: AG-1-4

Please provide the write-off of electronic uncollectible accounts expense by month in 2001.

Response:

The write-off of electric uncollectible accounts expense by month in 2001 follows (amounts are net write-offs):

Month	Amount (\$)
January	29,679
February	41,452
March	35,276
April	47,976
May	29,056
June	28,529
July	25,463
August	40,199
September	34,524
October	37,504
November	31,137
December	221,420
Total – 2001	602,215

The total net write-offs in 2001 of \$602,215 were originally submitted on Schedule MHC-7-8 (Electric) for the rate case proceeding - D.T.E. 02-24/25. The total net write-offs in 2001, in addition to the total net write-offs from 1999 and 2000, were used to calculate the bad debt expense level in the rate case proceeding. The total net write-offs in 2001 were also used to determine the allocation factor for SOS and DS in accordance with the Department's precedent for such calculations.

Consistent with the Department's Order in D.T.E. 02-24/25, the total net write-offs in 2001 were adjusted as shown on the attached schedule (Attachment AG-1-4, Page 1 of 1), which has been taken from the compliance filing in that proceeding.

Person Responsible: Mark H. Collin

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
BAD DEBT EXPENSE ADJUSTMENT
FOR THE 12 MONTHS ENDED DECEMBER 31, 2001

LINE NO.	YEAR	NET WRITE-OFFS	REVENUE	AMOUNT
1	1999	\$273,216	\$52,118,393	
2	2000	291,535	51,333,592	
3	2001	484,968	62,926,301	
4		1,049,719	166,378,286	
5	BAD DEBT EXPENSE AS A % OF FIRM REVENUE			0.63%
	<u>2001 NORMALIZED REVENUE:</u>			
6	ACTUAL REVENUE		62,926,301	
	REVENUE INCREASE FROM RATE CASE		1,344,775	
7	TOTAL NORMALIZED REVENUES			64,271,076
8	0.63% X 2001 NORMALIZED REVENUES			405,501
9	LESS RECOVERED THROUGH SOS & DEFAULT SERVICE AT 34.72% (1)			140,790
10	BAD DEBT EXPENSE FOR COST OF SERVICE			264,711
11	LESS: TEST YEAR BAD DEBT EXPENSE			615,217
12	DECREASE IN BAD DEBTS EXPENSE			(\$350,506)

(1) 34.72% PER DTE STAFF

Commonwealth of Massachusetts
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Request No.: AG-1-5

Referring to Schedule MHC-7, Page 16, please provide the applicable reserve for uncollectible accounts as of the end of each month, including December 2000.

Response:

The reference to Schedule MHC-7, Page 16, in this request for monthly balances related to the reserve for uncollectible accounts is unclear.

Nevertheless, the monthly ending reserve balance for uncollectible electric accounts for the period from December 2000 through December 2001 is as follows:

Month	Year	Amount (\$)
December	2000	307,472
January	2001	307,457
February	2001	308,206
March	2001	307,266
April	2001	306,758
May	2001	305,233
June	2001	305,523
July	2001	306,053
August	2001	309,902
September	2001	316,266
October	2001	339,379
November	2001	340,392
December	2001	320,475

Person Responsible: Mark H. Collin

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Request No.: AG-1-6

Referring to Schedule MHC-7, Page 16, if available, please provide the same information for 2002 by month.

Response:

Please see Attachment AG-1-6 for the Detail of Working Capital - Electric - For the Test Year Ending December 31, 2002. For ease of review by the Department and the Attorney General, an electronic disk containing Attachment AG-1-6 in Excel format is also included.

Person Responsible: Mark H. Collin

Month of	Beginning Balance (1)	Metered Sales (2)	Appliance Rentals (3)	Late Pymnt. Charges (4)	Int. Accr. Consumer Deposits (5)	Mass. Sales & Use Tax/ Electric Tax (6)	Reconnect. Charges (7)	Other A/R (I.e. Cash Receipts, etc.) (8)	Net A/R (2 thru 8) (9)	Ending Balance (1+ 9) (10)	% Non- Metered Sales ((3 thru 7)/2) (11)	Non-Metered A/R (9*11) (12)	Non-Metered Sales (sum 3 thru 7) (13)	A/R Related to Metered Sales (10-12-13) (14)
January	5,483,324	4,388,555	5,537	12,751	37	38,310	120	(4,295,444)	149,867	5,633,191	1.29%	1,938	56,756	5,574,497
February	5,633,191	3,968,865	5,648	(127)	0	30,239	75	(4,111,008)	(106,308)	5,526,883	0.90%	(960)	35,835	5,492,008
March	5,526,883	3,924,707	5,611	2,205	281	34,758	45	(4,047,151)	(79,545)	5,447,339	1.09%	(869)	42,900	5,405,308
April	5,447,339	4,096,898	5,591	7,678	1,366	36,333	420	(4,828,454)	(680,168)	4,767,170	1.25%	(8,531)	51,388	4,724,314
May	4,767,170	4,112,284	5,579	5,888	519	28,376	3,091	(4,170,988)	(15,250)	4,751,920	1.06%	(161)	43,453	4,708,628
June	4,751,920	4,084,023	5,340	5,335	508	29,648	2,730	(4,047,697)	79,887	4,831,807	1.07%	852	43,561	4,787,394
July	4,831,807	4,740,952	5,785	8,927	518	33,936	2,010	(4,536,991)	255,137	5,086,944	1.08%	2,754	51,176	5,033,014
August	5,086,944	4,965,425	5,545	2,546	538	34,796	2,130	(4,740,934)	270,046	5,356,989	0.92%	2,477	45,555	5,308,957
September	5,356,989	4,677,865	5,783	5,830	530	31,263	1,215	(4,766,603)	(44,117)	5,312,872	0.95%	(421)	44,621	5,268,672
October	5,312,872	4,177,294	5,606	4,936	516	27,107	1,260	(4,792,224)	(575,506)	4,737,367	0.94%	(5,432)	39,425	4,703,374
November	4,737,367	4,088,854	5,634	6,636	518	20,837	1,369	(3,807,306)	316,541	5,053,907	0.86%	2,709	34,993	

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Request No.: AG-1-7

Referring to Schedule MHC-7, Pages 18-21, please explain how the lead days are counted for the payments to power suppliers.

Response:

The lead days are calculated by aggregating the following factors: (1) the average days in the month that energy purchases were provided to FG&E by suppliers; and (2) the additional billing period up to the day the wire payment is transmitted or the check bank clearing date for payment. Average days per month are as follows: February-14.0 days; April, June, September and November-15.0; and remaining months-15.5 days.

Person Responsible: Mark H. Collin

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Request No.: AG-1-8

Referring to Schedule MHC-7, Page 20, please provide the section of the contract with Constellation that specifies the payment terms for power supply costs.

Response:

Please see Attachment AG-1-8. Attachment AG-1-8 contains the requested payment terms included in the Standard Transition Service Supply Contract between FG&E and Constellation Power Source, Inc.

Person Responsible: Mark H. Collin

ARTICLE 5. PRICE AND BILLING

Section 5.2 Payment

- (a) On or before the tenth (10th) day of each month during the term of this Agreement, the Company shall calculate the amount due and payable to Seller pursuant to this ARTICLE 5 with respect to the preceding month. The calculation shall be provided to Seller and shall show the total amount due and payable for the previous month pursuant to this ARTICLE 5. The amount payable shall be calculated by multiplying the Price specified in the first paragraph of ARTICLE 5 SECTION 5.1, above, for the applicable Contract Period times the quantity of Standard Transition Service Power delivered by Seller to the Delivery Point for the Company's Standard Transition Service customers in the month, as determined in accordance with ARTICLE 6, SECTION 6.3, below. Because quantities determined under SECTION 6.3 are estimated, and subject to a reconciliation process described in SECTION 6.3(d), quantities used in calculations under this paragraph (a) shall be subject to adjustment, whether positive or negative, in subsequent months' calculations, to reflect that reconciliation process, and any adjusted quantities shall be applied to the Price applicable during the month of the calculation being adjusted. Any Customer Rate Standard Transition Service Fuel Adjustment incremental revenue shall be added to such amount.
 - (b) The Company shall pay Seller any amounts due and payable on or before the twenty-fifth (25th) day of the month (or on the next business day if the 25th day of the month falls on a holiday) in which a calculation is made pursuant to paragraph (a). If all or any part of any amount due and payable pursuant to paragraph (a) shall remain unpaid thereafter, interest shall thereafter accrue and be payable to Seller on such unpaid amount at a rate per annum equal to two percent (2%) above the Prime Rate in effect on the date of such bill.
 - (c) With respect to reconciliation adjustments pursuant to SECTION 6.3(d) or any error in a calculation (whether the amount is paid or not), any overpayment, underpayment, or reconciliation adjustment will be refunded or paid up, as appropriate. Interest shall accrue from the date such payment resulting from the error or adjustment is due and payable on the unpaid or overpaid amount finally determined to be due, in accordance with SECTION 6.3(b), and shall be calculated pursuant to Section 35.19a of the Commission regulations.
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Request No.: AG-1-9

Referring to Collin testimony, Page 7, please provide the contract for the sale of capacity associated with firm transmission rights on the Hydro Quebec tie lines.

Response:

No contract exists. By way of explanation, FG&E's estimate of revenues received for the sale of capacity is derived from FG&E's current negotiations with a broker who may facilitate short-term sales of the Hydro-Quebec transmission rights in exchange for a fixed percentage of the sales price as a transaction fee. The Collin testimony regarding revenue estimates is based on these preliminary negotiations.

Person Responsible: Mark H. Collin

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Request No.: AG-1-10

Referring to Collin testimony, Page 7, please explain where the \$38,000 of revenue related to sale of capacity associated with firm transmission rights on the Hydro Quebec tie lines is reflected in the variable transition costs.

Response:

Refer to Schedule MHC-3, Page 3 of 3, Line 22, HQ Transmission Sales, for the estimated revenue for short-term sales of Hydro-Quebec Transmission. This credit is included in the Above-Market Payments, \$313,999, in line 35. Above-Market Payments carry over to the Variable Costs section, Schedule MHC-4, Page 4 of 6, Line 8, Above Market Payments to Power Suppliers, and to Schedule MHC-2, Page 15 of 19, Total Power Contract Obligations. Total Power Contract Obligations are then carried to Schedule MHC-2, Page 3 of 19, Summary of Transition Charge Variable Component.

The reference in Exh. FGE-MHC-1, Page 7 relative to \$38,000 of revenue flowing through to ratepayers in 2002 is in error. The testimony should reflect the flow-through will be in 2003.

Person Responsible: Mark H. Collin

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Request No.: AG-1-11

Referring to Collin testimony, Page 26, please provide supporting documentation for the costs of the renewable energy certificates.

Response:

Massachusetts regulation requires that FG&E purchase renewable energy certificates for 1% of its retail load. FG&E estimates that 1% of its Standard Offer Service load for 2003 is approximately 3,500 MWh. FG&E purchased 2000 renewable energy certificates, equivalent to 1 MWh each, for \$21 per certificate through an Agreement with CSGServices, Inc. FG&E estimates that it will require an additional 1,500 certificates. Using its prior purchasing experience, FG&E estimated the purchase price for these additional certificates will be \$21. Accordingly, the total estimated cost for 2003 is \$73,500, as shown on Schedule MHC-5, Page 5 of 7.

Person Responsible: Mark H. Collin

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Request No.: AG-1-12

Referring to Collin testimony, Page 30, please provide supporting documentation for the ICAP billing by New England ISO in 2000.

Response:

Please see Attachment AG-1-12 for the invoices supporting ISO-NE ICAP billing in 2000. In its filing, FG&E estimated ICAP billing at \$44,570. See, Schedule MHC-6, Page 4 of 6. As shown on Attachment AG-1-12, the actual amount that is appropriate for inclusion in the Default Service Charge is \$27,309.32 (\$41,341.92 - \$14,032.69). Please note that the ISO-NE invoices list charges as negative amounts and credits as positive amounts.

Person Responsible: Mark H. Collin

Net Amount	-4924.25
	-4729.97
	-14339.43
	-8626.24
	-8722.03

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Request No.: AG-1-13

Referring to Collin testimony, Page 30, please provide supporting documentation for the Pinetree Power expenses included in the cost of Default Service.

Response:

No Pinetree Power expenses are proposed for inclusion in the cost of Default Service at page 30 of the Collin Testimony; rather, FG&E proposes that FG&E absorb the costs associated with its unmetered load obligation, which it currently fulfills through short-term purchases from Pinetree Power. Unmetered load is the difference between FG&E's actual metered load and the sum of the allocations to all suppliers, including the Default Service and Standard Offer Service suppliers.

FG&E is working to resolve the technical issues that cause unmetered load and its associated costs.

Person Responsible: Mark H. Collin

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Request No.: AG-1-14

Referring to Collin testimony, Page 30, Lines 12-13 please provide a detailed description of the costs that would be absorbed by FG&E.

Response:

Please refer to FG&E's Response to AG-1-13.

Person Responsible: Mark H. Collin

Commonwealth of Massachusetts
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Request No.: AG-1-15

Referring to Schedule MHC-4, Pages 5 and 6, what are the rates for certain classes set to produce an average rate (including demand charges) of less than \$0.01187 per kWh?

Response:

In the rate design process, the rates for all classes are first set to the Uniform Transition Charge of \$0.01187/kWh. The On Peak kWh, Off Peak kWh and Demand kW/kVA transition charges are then calculated based on the billing determinants of the test year 2001. When 2001 demand and energy amounts are multiplied by the transition charges, the average rate for each class equals \$0.01187/kWh (See Schedule DJD-4).

Schedule MHC-4, at pages 5 and 6, utilizes forecasted energy and demand amounts for each rate class. Where the ratios between On Peak kWh, Off Peak kWh, and Demand components vary from those in 2001, the average price paid will vary slightly based on those forecasted components.

Person Responsible: Mark H. Collin

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Request No.: AG-1-16

Referring to Schedule MHC-5, Page 5, please provide the source documentation for the bad debt expense and bad debt allocation factor in Footnote (1).

Response:

Attachment AG-1-16, page 1, provides the source documentation for the bad debt expense and bad debt allocation factor in Footnote (1). This page provides the test year allocation of 34.72% for SOS and DS in total and was originally filed with the Department as Tab D of FG&E's approved December 19, 2002 Compliance Filing in D.T.E. 02-24/25. Page 2 of Attachment AG-1-16 provides the detail for the SOS and DS allocation that totals to 34.72%.

Person Responsible: Mark H. Collin

LINE NO.	YEAR	NET WRITE-OFFS	REVENUE	AMOUNT
1	1999	\$273,216	\$52,118,393	
2	2000	291,535	51,333,592	
3	2001	484,968	62,926,301	
4		1,049,719	166,378,286	
5				0.63%
	<u>2001 NORMALIZED REVENUE:</u>			
6			62,926,301	
			<u>1,344,775</u>	
7				64,271,076
8			0.63% X 2001 NORMALIZED REVENUES	405,501
9			LESS RECOVERED THROUGH SOS & DEFAULT SERVICE AT 34.72% (1)	<u>140,790</u>
10			BAD DEBT EXPENSE FOR COST OF SERVICE	264,711
11			LESS: TEST YEAR BAD DEBT EXPENSE	<u>615,217</u>
12			DECREASE IN BAD DEBTS EXPENSE	(\$350,506)

Fitchburg Gas & Electric Light Company
2001 Write-Offs - Broken Out By Distribution and Generation Charges
Electric Service

Month	Year	Type	Tran Amount	Type	Tran Amount	Type	Tran Amount	Total/Gross W/O's	% DE	% DF + SO	Recoveries	Net W/O's
January	2001	DE	(28,300.37)	DF	(6,192.48)	SO	(7,829.70)	(42,322.55)	66.87%	33.13%	(3,337.24)	(38,985.31)
February	2001	DE	(31,872.18)	DF	(6,554.75)	SO	(8,367.62)	(46,794.55)	68.11%	31.89%	(5,162.02)	(41,632.53)
March	2001	DE	(28,512.04)	DF	(7,691.13)	SO	(5,771.98)	(41,975.15)	67.93%	32.07%	(6,464.03)	(35,511.12)
April	2001	DE	(34,251.73)	DF	(4,785.04)	SO	(14,997.38)	(54,034.15)	63.39%	36.61%	(6,652.23)	(47,381.92)
May	2001	DE	(21,766.51)	DF	(4,773.48)	SO	(6,079.37)	(32,619.36)	66.73%	33.27%	(3,459.64)	(29,159.72)
June	2001	DE	(21,715.33)	DF	(4,012.10)	SO	(6,304.49)	(32,031.92)	67.79%	32.21%	(3,306.18)	(28,725.74)
July	2001	DE	(18,765.03)	DF	(3,776.44)	SO	(5,742.44)	(28,283.91)	66.35%	33.65%	(2,567.58)	(25,716.33)
August	2001	DE	(32,035.60)	DF	(6,298.99)	SO	(10,206.15)	(48,540.74)	66.00%	34.00%	(8,194.79)	(40,345.95)
September	2001	DE	(26,673.76)	DF	(6,425.42)	SO	(8,046.54)	(41,145.72)	64.83%	35.17%	(6,354.63)	(34,791.09)
October	2001	DE	(24,931.34)	DF	(9,977.02)	SO	(5,980.01)	(40,888.37)	60.97%	39.03%	(3,215.80)	(37,672.57)
November	2001	DE	(21,383.41)	DF	(8,129.25)	SO	(6,404.64)	(35,917.30)	59.54%	40.46%	(4,645.46)	(31,271.84)
December	2001	DE	(123,896.19)	DF	(69,726.15)	SO	(31,468.18)	(225,090.52)	55.04%	44.96%	(2,600.43)	(222,490.09)
Total			(414,103.49)		(138,342.25)		(117,198.50)	(669,644.24)	61.84%	38.16%	(55,960.03)	(613,684.21)
			61.84%		20.66%		17.50%					

38.16% (Per Original Filing)

Less:
December '01 Write-Offs identified as inadvertently included in January 2001

Total Net Write-Offs

9,159.43
(604,524.78)

Adjusted for 12/01 (MDTE disallowed 12/01 w/o's) (290,207.30) (68,616.10) (85,730.32) (444,553.72)

% to Net Delivery 65.281% Default 15.435% SOS 19.285% 100.00%
34.72% (Per MDTE Order)